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TAGS: [PGOV](#) [ECON](#) [EINV](#) [EAGR](#) [MA](#)

SUBJECT: MADAGASCAR: GOM (AGAIN) DENIES DAEWOO LAND DEAL

¶1. (U) The following diplomatic note dated December 12 was delivered to Post in response to recent media reports concerning a major agricultural investment by South Korea's Daewoo Logistics (reftel). The story was reported on extensively in both foreign and domestic media despite an immediate denial from the GOM, and continues to provoke speculation in the Malagasy and international press. This note was provided to further clarify the GOM's position.

¶2. (U) BEGIN TEXT:

MINISTRY OF FOREIGN AFFAIRS
OFFICE OF THE SECRETARY GENERAL
DIRECTION OF MULTILATERAL COOPERATION
Office in charge of Cooperation with Asia and Pacific
No. 08-2438/AE/M/NV

DIPLOMATIC NOTE

The Ministry of Foreign Affairs of the Republic of Madagascar presents its compliments to ALL DIPLOMATIC AND CONSULAR MISSIONS in Antananarivo and, pursuant to the information stated by the international media, namely "The Financial Times", concerning the alleged real estate rental contract on 3 million hectares between the Government of Madagascar and Daewoo Logistics, has the honor to provide hereafter an official denial by the Government of Madagascar on this issue:

"The information affirming the signature of a contract of purchase of estate in Madagascar by the Korean company Daewoo is false. Indeed, Daewoo Logistics has expressed interest, just like any investor, in investing in agribusiness in Madagascar, for large scale farming of corn and production of palm oil. As a result, a Memorandum of Understanding on the project was signed for the purpose of land prospecting, at the end of which a report should be submitted, followed by studies and analyses of compliance with the draft project. Once the results of the studies comply with the needs of the Government of Madagascar, the regulatory procedures related to the application to rent an estate should be initiated. In case there is no objection to the procedures, a contract for a long-term lease shall be signed for the profit of the requestor in exchange for the payment of an annual fee determined on the basis of the geographic location of the zone requested, after approval issued during a Cabinet Meeting. As to Daewoo Logistics, the procedure performed to date remains at the level of land prospecting, and no report, decision or lease contract has been submitted to or signed by the Malagasy party. Therefore, the information stated related to the signature of a contract and the free allocation of an estate is false. Finally, the press release from Daewoo Logistics denying the allocation of any land, and the official denial by the Malagasy Ministry of Land Reform, State Property and Development of Territory, are both accessible on the Ministry of Foreign Affairs' web site.

Antananarivo, December 12, 2008.

END TEXT.

12. (SBU) EMBASSY COMMENT: The "Affaire Daewoo" continues to reverberate here and abroad, mainly for the enormous scale of the project initially - and evidently quite prematurely - announced by Daewoo in November. Most observers here take the GOM denials at face value, and attribute the whole matter to Daewoo's extreme naivete in having concluded that a permit to look around for land here was anything more than the beginning of a long and still very uncertain process. Still, Madagascar does have great expanses of available, arable land, and official policy is to open it for development, including by foreign investors. This incident may have drawn useful international attention to these long-term opportunities, while also highlighting the domestic political sensitivities to foreign control of local land and the need to - unlike Daewoo - move forward with discretion. End comment.

MARQUARDT